

Starting a Small Charity

5: Minutes Book

One of a series of Guidance Leaflets

The Scope of These Guidance Leaflets

This leaflet is one of a series which give a quick overview of the various things that you will need to take into account in setting up a new small charity.

They are NOT a full and comprehensive guide to Charity Law and all the associated regulations. They are just a simple overview of the main points for those who want to set up a small charity to serve their local community or to help those with a particular area of need. So if you are expecting your charity's annual income to be more than £150,000/yr, or to own property, or to employ more than the equivalent of 3 full-time staff then you should seek proper professional guidance elsewhere.

eg: The Small Charities Coalition Resources webpage: www.smallcharities.org.uk/resources/

For more information, see the Introduction leaflet to this series.

The topics covered in this series are:

- 1 Outputs & Outcomes
- 2: Charitable Purposes/Objects
- 3: Governing Document
- 4: Trustees & Officers
- 5: A "Minute Book" {This Leaflet}**
- 6: A Bank Account
- 7: A Way of Recording & Managing Your Funds
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5: Minutes Book

1. The Legal Requirement

All charities are required to keep a proper record – usually called a “Minutes Book” – of all their key discussions and decisions at meetings. It is good practice for all organisations.

The model Constitutions for Charitable Incorporated Organisation (CIOs), both Foundation and Association, and for Unincorporated Associations (UAs) specify:

Minutes

The trustees must keep minutes of all:

- (1) appointments of officers and trustees made by the trustees;
- (2) proceedings at meetings of the charity;
- (3) meetings of the trustees and committees of trustees including:
 - (a) the names of the trustees present at the meeting;
 - (b) the decisions made at the meetings; and
 - (c) where appropriate the reasons for the decisions.
- (4) decisions made by the charity trustees otherwise than in meetings.

Thus, any charity which has adopted one of the Charity Commission model Constitutions is legally required by that Constitution to maintain a formal Minutes Book.

However, the model Constitutions do not specify the format in which the Minutes must be kept.

1.1. Requirements of a Minutes Book

The Charity Commission guidance publication CC48 Charities and meetings only says, “*Minute books are usually bound volumes, or loose leaf....*”, and goes on to recommend “*.....that if a loose-leaf format is used, the pages are consecutively numbered and individually signed by the Chair to aid in the identification of missing pages.*” But the guidance, almost ominously, also says: “*It should be noted that the formal minutes, once approved and signed as an accurate record by the chairman, form the only legal record of the business of the meeting.*”

The guidance further comments: “*A charitable company is permitted to retain its statutory books on computer. Copies of minutes can be stored on a computer.*” But that does not make it clear whether “copies” stored on a computer are just that – “working copies of the ink-on-paper originals” – or whether digital “copies” can be the definitive legal record. And, in any case, the reference is only to charitable companies with no positive indication of whether the same is – or is not – applicable to the minutes of CIOs and UAs (to which this leaflet applies).

In short, the official guidance on how a small charity should keep its Minutes is rather vague.

But the implications are that the formal – *ie*: legally recognised – minutes of a small charity should be:

- a: ink on paper;
- b: kept all together in book form – either bound or loose-leaf;
- c: ordered – and preferably numbered – sequentially, particularly if produced & stored in loose-leaf format;
- d: signed by the chair or other appropriate person if the governing document allows (or does not disallow) it;
- e: kept securely to minimise the risk of loss or damage or unauthorised tampering/alteration of the text.

All other copies in whatever format – digital (text files on computer or other storage, including “the cloud”), photocopies, ink-on-paper – are, for legal purposes, therefore just working copies for convenience of reference. In the event of any discrepancy between such copies and the signed copy in the official Minutes Book, it is the signed copy in the Minutes Book which is, legally, the only definitive version (even if it contains a recognised error – see section).

1.2. Care of the Minutes Book

Consequently it is important that the charity's Minutes Book is kept safely and protected from:

- a: Physical loss or damage, *eg*: fire, flood, vermin, etc;
- b: Theft;
- c: Unauthorised alterations. This may mean that the person who signs the Minutes should NOT be the person who holds them.

2. Recording Minutes

There are no defined rules for what a Minutes Book should (or should not) contain. Not surprisingly, therefore, what a charity's Minutes contains tends to be a very individual matter and varies enormously from person to person.

A good starting point for deciding what sort of Minutes your charity should be keeping is to ask yourself "Why are we keeping Minutes?"

2.1. Why Keep Minutes of Meetings At All?

Apart from the obvious answer – that a charity keeps Minutes because it is legally required by its Constitution to do so – the following are the main reasons for keeping Minutes:

- a: To provide a permanent record of all the important decisions taken by the charity and, where appropriate, the reasons for taking those decisions;
- b: To provide a definitive reference point (*ie*: one which is above dispute) to which anyone can return in the event of:
 - i) forgetfulness – both of the detail of what was decided and, particularly for decisions taken in the past, of the fact that a decision had ever been taken;
 - ii) misunderstandings of what had, or had not, been considered and decided;
 - iii) controversy – where controversial decisions had to be made, what the key arguments for and against the decision were and, in extreme cases, who had voted for and against the decision¹;
 - iv) absence – to enable a person who was absent when an issue was discussed and decided, to see what was discussed, what decision was taken and how that decision was arrived at.
- c: So rather than thinking about what the Minutes should look like for the next meeting, think instead of what you would want the Minutes to look like if you were searching through old Minutes to find out about something that was decided 3 or 4 years ago.

The chances are that you would want those old Minutes to:

- i) unequivocally identify the date, time of the meeting;
- ii) be short and concise so that you could scan through them quickly to find what you were looking for;
- iii) clearly record what decisions were made, summarising the principal issues – the pros & the cons – that were considered and the crucial justifications for reaching the final decisions;
- iv) not contain a lot of inconsequential detail about what nice tea & biscuits Mrs Jones had provided or thanking Mr Smith for setting out all the chairs for the meeting. Yes, it's right and very important that appreciation for those things should be properly expressed at the meeting – but they don't need to be recorded in the formal Minutes of the meeting;
- v) have clear section headings (see next section) so that you can easily find what you are looking for by being able to identify and skip items that you know will be irrelevant to your search;

¹ Note that under charity law all Trustees share responsibility for the decisions taken by the Board of Trustees as a whole and cannot absolve themselves from that responsibility simply by voting against a particular decision, or even if they were absent when the decision was made. Therefore a Trustee who fundamentally objects in principle to a decision taken by the majority of the Board, because he/she feels it is not compatible with Charity law or is not in the best interests of the Charity, has no alternative but to resign with immediate effect.

2.2. What Should Minutes Contain

The following guidance assumes that your charity has adopted one of the Charity Commission's model Constitutions. If you have drafted your own Constitution, or significantly altered one of the models, you should check carefully to ensure that you follow what it prescribes for recording the Minutes of meetings (if significantly different from what is in the model constitutions).

Your Minutes will normally contain:

a: **the name of your charity**

b: **the type of meeting**

eg: Trustees' meeting, Annual General Meeting, Extraordinary General Meeting

c: **the date and time the meeting was held.**

It is generally not necessary to specify where the meeting was held, unless the venue was particularly relevant to the purpose of the meeting *eg:* where the meeting was being held in a hall that was about to be renovated in order for the meeting to make decisions about the renovations.

d: **the names of those present.**

i) For small meetings (less than, say, 12 attendees, *eg:* Trustees meetings), this is usually done directly within the Minutes.

For larger meetings, *eg:* AGMs/EGMs, the list of attendees will probably be held as an appendix to the Minutes;

It is customary to record the name of the Chair of the meeting.

ii) where the attendees included those attending other than of "right" (*eg:* people other than Trustees at a Trustees meeting, or non-Members at an AGM/EGM) the record should indicate in what capacity they attended *eg:* observer, adviser, consultant, *etc.*, and, if relevant, for which items on the agenda;

e: **apologies for absence;**

and for meetings with a specific membership (*eg:* Trustee/Committee meetings) a note of those absent (*ie:* those who had not submitted prior apologies);

It is often the case that people who are absent from a meeting are recorded as having sent their "apologies" for absence whether or not they had actually done so. Whether, or not, it is good practice for those who have simply failed to attend to be "let off the hook" by being recorded as "apologised" rather than "absent" is a matter of contention. However, the proper recording of the distinction may be important in situations where the Board of Trustees, or the general membership, wish to propose the removal of an individual as a Trustee on the grounds that they are failing to contribute and exercise their responsibilities properly by consistently failing to attend meetings without a proper reason & explanation.

Thereafter the content of the Minutes will usually follow what was on the Agenda for the meeting.

Typical items are:

f: **Declaration of Any Other Business (AOB).**

Hopefully people wishing to raise items at the meeting will have notified the meeting convenor well in advance so that the items can be put on the Agenda and circulated prior to the meeting. That enables everyone to be aware of them and give them some thought in advance of the meeting. For that reason, some organisations restrict items declared under "Any Other Business" to minor items of information or clarification and will not allow substantial matters to be raised.

In any case, for some formal items/resolutions the Constitution may require that advance notice be given. In such cases the Chair would have had to declare them "out of order" and refuse to allow them to be considered for AOB.

Asking for the declaration of AOB right at the start of the meeting allows the Chair to manage the timing of the meeting to ensure that sufficient time is allowed to deal with any AOB.

g: **Minutes of the Previous Meeting(s).**

Originally – before the advent of photocopiers, e-mail & modern communication technology – the Minutes of previous meetings were, literally, read out at the start each meeting in order that they could be verified and signed. These days, where the Minutes can easily be circulated in advance, the Minutes of previous meetings are usually "taken as read" (*ie:* it is assumed that the Minutes will

have read by the attendees prior to the meeting) and, therefore, no longer have to be read out at the meeting.

If everyone agrees that the Minutes of the Previous Meeting are accurate they are signed, usually by the Chair, and that is recorded in the Minutes of the current Meeting.

If there should be any simple errors (*eg*: typographical or grammatical mistakes) can be corrected by hand and initialled, prior to signing the overall Minutes. In this case the Minutes of the current meeting should simply record that *“The Minutes of the Previous Meeting, held on ‘10-March-2015’ were taken as read and, after the correction of minor errors, were signed as a true record of the meeting”*.

More serious errors, *eg*: where there is significant contention as to the content and/or accuracy of the Minutes, can be more difficult to deal with. If agreement can be reached on what the appropriate wording of the contested Minutes should be it may be necessary to postpone the signing of the previous Minutes until they can be corrected (*ie*: re-typed as required) and re-presented at the next meeting for confirmation. All of that should, of course, be recorded in the Minutes of the current meeting.

In the event of significantly contentious Minutes, such that unanimous approval cannot be agreed then the Minutes can be approved by majority decision. In that case a post-script should be added to the Minutes of the previous meeting before being signed. The Minutes of the current meeting should also record what the objections were. And, if appropriate, both Minutes should record the names of those who opposed the approval of the Minutes.

Note that if the objections were on a significant matter of principle then those who objected would have to consider carefully their ongoing position as Trustees, particularly in the case of the Minutes of Trustees meetings. This is because ALL Trustees have shared responsibility for the valid decisions of the Trustees meeting as recorded in the Minutes, even if they had objected to them and voted against (see also footnote 1).

It is quite common for this item to refer to *“The Minutes of the Previous Meeting”* without giving the date of that meeting. This may not be a problem for charities which have their meetings *“as regular as clockwork”*. But for charities which have meetings on a more *ad hoc* basis, or find that they need additional meetings in between the regularly scheduled ones, trying to work out which meeting a reference to *“the previous meeting”* actually refers to can be a nightmare.

It is therefore recommended that references to *“The Minutes of the Previous Meeting”* should ALWAYS include the date of that meeting.

h: Matters Arising from the Minutes of the Previous Meeting(s).

These will normally be minor matters which do not warrant an agenda item of their own – *eg*: to report that a previously authorised action had now been completed.

Any matters of significance which follow on from previous meetings should have their own agenda item and thus have been notified in advance to the participants in the meeting.

As with Any Other Business items (section 2.2f: above), this part of the meeting should **NOT** be used to raise matters of significance without prior notice.

i: Finance & Budget Report.

A well-run charity will have a Finance & Budget report at EVERY Trustees’ meeting.

If things are running smoothly and to budget, the Finance & Budget report may well be very short. A well-documented report which has little more to say than that both income & expenditure to date are *“to budget”* with no material variance between budgeted and actual is *“music to the ears”* of most Trustees.

Such *“little to report”* reports should not be lightly dismissed, neither in the meeting itself nor in the Minutes to that meeting. As the section *“Business Planning to Demonstrate Success”* in the companion leaflet 8: *Writing a Business Plan* points out, the ability to demonstrate success & achievement credibly has enormous motivational power for a charity’s supporters, volunteers and staff.

If things are not going so smoothly then the Finance & Budget report may well be rather longer. As well as including wider and/or more detailed financial information, it is also likely to include reviews of alternative strategies, risk analyses, cash-flow projections, *etc*.

But whether the Finance & Budget Report is a simple “everything going according to plan” or a much more in-depth report of issues of concern, the report should ALWAYS be accompanied by documentary evidence (eg: a table of “budget vs actual” for all the major receipts & payments categories in the charity’s accounts and a copy of the bank statement showing the period-end balance).

j: Other Items as on the Agenda.

From here on the order in which Agenda items are presented and taken may vary considerably. However, for each agenda item the minutes should:

- i) Clearly record any declarations of Conflicts of Interest, including: which individual(s) was/were involved; the nature of the conflicts of interest – ie: their potential risk to the charity; what steps were taken to mitigate the conflict and associated risk – eg: the conflicted individual(s) leaving the discussion.

Despite its importance, this is a frequently overlooked item: but the proper “up front” recognising and recording of conflicts of interest is often the most significant factor in ensuring that they are successfully mitigated or eliminated completely.

- ii) clearly record all key decisions and a summary of the main pros & cons considered in reaching those decisions. In the case of highly contentious issues (but not necessarily otherwise) a note of who voted for and against the issue;
- iii) record the exact wording of any resolutions that were formally proposed and voted on, including who proposed and seconded the resolution. Again if there was significant contention in the discussion, the important pros & cons which were raised should also be noted and, if appropriate, a note of who voted for and against the resolution(s);
- iv) focus on recording the issues, and how they were dealt with objectively, rather than on recording any opinionated or individualistic “point-scoring”(ie: who said what to whom, particularly if in a critical, disparaging or insulting manner).
Charity law is clear that Trustees share responsibility for making decisions equally¹;
- v) What actions were agreed and who is/are responsible for implementing the actions (including time-scales & deadlines where relevant).

k: Any Other Business.

These will be the items declared at item 2.2f: above.

The comments in that section on disallowing items of significance to be introduced as AOB are reiterated here, and even more so if someone wants to “slip in” an additional item at the last minute in the hope of “a quick decision” (ie: an ill-considered decision) just when everyone is preparing to finish and go home

l: Dates (and times/venues where appropriate) of Subsequent Meetings.

A well-run charity will have all its key meetings (Trustees’ meetings, Committee meetings, General Members’ meeting) scheduled well in advance, not least so that the intended participants can get them put into their diaries early to minimise apologies & absences (see section 2.2e: above).

Running an organisation on the rather casual basis that “meetings are only organised when needed” is very bad practice – not least because if that means that meetings are only organised when there is an issue to deal with, it is usually the case that, by then, the best opportunities to deal with and resolve the issue are already past.

2.3. What Should Minutes NOT Contain?

Minutes should **NOT** be a transcript (or even a précis) of who said what at the meeting, particularly where most of what was said were only relatively minor points which did not raise serious issues of feasibility, concern or risk and the resulting decision was uncontentious– eg:

“Mrs Jones asked if the activity could be started a little later to give people time to get home from work. Mr Smith thought that it would be better to start a little earlier to avoid people having to travel in the dark. Mr Thomas pointed out that an earlier start would not give the caretaker time to clean and reorganise the room.more of the same..... It was finally agreed to leave the time of the activity as it was and the matter could be reconsidered at a later date if necessary.”

The above is unnecessarily long and detailed, providing nothing useful as an historical record of the running of the charity that is not contained in the shorter alternative minute:

“The starting time of the activity was discussed and it was agreed that no change was necessary at the moment”.

Minutes should **NOT** contain information of a sensitive or confidential nature which are not crucial to the subsequent proper understanding of the minute, particularly if referring to identified (or easily identifiable) individuals or organisations (see section 3.2, Public Access to a Charity’s Minutes). Where such sensitive/confidential information is crucial to the subsequent proper understanding of the minute an alternative is to place that information in a separate annex to the minutes, clearly identified as “Confidential” and the distribution of which can be more carefully controlled independently of the distribution of the actual minutes.

3. Access to a Charity’s Minutes

3.1. Privileged Access to a Charity’s Minutes

The minutes of meetings are made available to all those who attended, or were entitled to attend the meeting. And that also generally applies to the minutes of previous meetings. *ie:* Trustees are entitled to see the minutes of Trustees meetings, both those held while they were Trustees and those held before they were appointed a Trustee.

Similarly, Committee members may see the minutes of the Committee of which they were a member; the members of the charity may see the minutes of the charity’s General Meetings.

Also, people may see the minutes of meetings for which they had responsibility even if they did not normally attend those meetings. For example: Trustees would be able to see the minutes of Committees to which they had delegated responsibility for a specific area of the charity’s activities whether or not the Trustees regularly attended those Committee meetings.

The charity’s professional advisors (*eg:* lawyers, auditors) and, of course, the Charity Commission or anyone else acting under legal direction may also be entitled to see the minutes of meetings, usually under legal privilege – *ie:* they are obliged to keep the contents of the minutes strictly confidential and only divulge their contents to the extent required by law.

Of course, the fact that a person with a particular role/responsibility within the charity has privileged access to some or all of the charity’s minutes does NOT automatically mean that the person is entitled to share the contents of those minutes with others who are not similarly entitled

3.2. Public Access to a Charity’s Minutes

The minutes of a charity’s meetings are NOT open documents and do not have to be made available for public inspection, unless the charity’s governing document requires this. The model governing documents referred to elsewhere in this series (Guidance Leaflet 3 – Governing Document) make no provision for such public access to the charity’s minutes.

However, it is worth bearing in mind that, in this age of easy publication of just about anything – particularly through the internet, social media, leaks to the press – it can be very difficult both to prevent the unauthorised leaking of confidential charity documents into the public domain and to identify the perpetrator if it should happen. This is another good reason for ensuring that the charity’s standards of good practice for recording the minutes of its meetings actively discourages unnecessary verbosity and “tittle-tattle” of the precise names and details of who said what (see sections 2.2.j:iv).

Although by no means a “universally uncontentious” point of view, there is much to be said for a charity having a policy of making ALL its meeting minutes open to public scrutiny in the interests of transparency, even if there is no legally binding requirement for it to do so in its Constitution or operational rules.

The charity could even follow the example of some public bodies (*eg:* NHS hospitals) by having all its Trustee meetings open to at least the members of the charity. This does, of course, potentially create some difficulties on those occasions where the discussion of sensitive/confidential matters is unavoidable (*eg:* difficulties with staff or beneficiaries). In those cases it is possible to have the meeting in two parts – Part-1 which is “open” and the minutes thereof made available in the public domain – and Part-2 which is “closed” to just the Trustees (and other appropriate invitees) and the minutes thereof are confidential and not made available in the public domain (see section 2.3).

3.3. Timing

It is regarded as good practice to have the minutes of meetings produced and circulated to those entitled to receive them as soon as possible after the meeting took place, for two reasons:

- a: Memories fade quickly – the sooner that the minutes are produced and circulated the easier it will be for the participants in the meeting to pick up and correct any errors or ambiguities in the minutes which could lead to misunderstandings or subsequent misinterpretations by others who were not at the meeting;
- b: If actions were agreed at the meeting it is important for those who were made responsible for carrying out those actions have a clear record of what it is that they are supposed to be doing and of any milestones/deadlines for completing those actions.